

SOCIAL ACTION



JANUARY 1957

Hungary
Family Allowances
Industrializing in
under-developed countries
Peace and Freedom

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by C. C. Clump

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This Side and That

Keeping Bad Company

The Asoka Lion had come down from its pedestal and grew familiar with the Red Bear who is regularly bad company. And so in the international tournament of November, the lion lost quite a few handfuls of hair and the free press raised a hue and cry. The lion's attendants at last noticed the damage, and by dint of acrobatic oratory and logic managed to recover the tufts of its mane and struck them back as well as they could; now the lion is again on its pedestal with its ancient composure.

Our diplomats did well in denouncing the invasion of Egypt along with all the democracies of the world and with a fair support from the French and English public opinion. There was only one or other moralist who attempted to justify it with a lame distinction between preventive war which they condemned and preventive military action which they would allow. It was when world attention centred on Hungary that the vision of our statesmen and diplomats got blurred. In their righteous indignation against colonialism, they never could admit that white peoples can be reduced

to a colonial status or worse. They had never properly focussed conditions in some countries of Eastern Europe, they had put an implicit trust in the two Soviet propagandists who clowned their way through India, they fancied that the Panch Shila declaration had been signed in another ink than the U.N. Charter.

Diplomatic Wobbling

It was a very unusual piece of courtesy to ask Bulganin for his version of the Budapest rebellion ; it was an unexpected caution to solicit Tito's views and advice ; it was hardly logical to object that a U.N. supervision of elections would diminish Hungary's independence without having first admitted that the Soviet army-occupation had long ago wrecked that very independence.

No wonder our best friends in the democracies talked of our government's inconsistency and of its Red-biassed neutrality. There may have been reasons for our U.N.O. representatives to shun any criticism of Soviet Russia, it is hard to guess what they are and it would be interesting to know of the discussions, if any, that took place in our delegation at New York. If Talleyrand's maxim holds good that diplomacy is the art of choosing the smaller drawback, it would be illuminating to know what intimidated our delegation. Was it fear of the Communist bloe ? We live in an atmosphere of dread ; our Prime Minister denounced fear as the secret of rearmament in many countries, though he toned down his denunciation by urging the reinforcement of our territorial army on the day he had extolled the virtue of Buddha's pacifism.

Recovery

Happily later events in Hungary did open the eyes of our leaders. At the Calcutta session of the A.I.C.C., the most conservative Congressmen remained unexpectedly silent, whilst the Socialist Party proved more anti-communist than ever. Soon after, the passive resistance of the Hungarian workers revived the memory of the old Gandhian ideals which Soviet violence had failed to re-awaken; the denunciation of Soviet terror grew to the pitch which is familiar enough when bearing on Communist behaviour in the country. In any case, no 'ifs' nor 'buts' should tone down the hearty assistance we owe the peoples of Egypt and of Hungary.

Dead as a Door Nail

One sure victim of the Hungarian tragedy is the Panch Shila Declaration. How could one ever in a mistaken missionary zeal fancy that, by a solemn signature on such a document, one would convert to democratic tradition philosophers who stand by the principle that what is useful to the Communist party, that, and that alone, is sound morals, philosophers who with remorseless conviction could liquidate millions of their fellow Russians, philosophers who deliberately annexed Latvia, Esthonia, Lithuania, and had for years kept conquered satellites under their military boot? The pledge of non-interference was buried at Budapest; it might be disinterred by the Soviets who have taken the habit of resuscitating past heroes and of burying the living; but that comedy is not in the Indian taste.

Veering Socialism

The Hungarian tragedy shook and shattered all socialist parties in Europe. They admit that capitalism

is capable of inner reform and quote the U.S.A. as a supreme instance. They see, what they could hardly guess in 1917, that collectivism has brought out its totalitarian potential and a satellitism which is worse than colonialism. Gone are the goals of universal brotherhood which nationalism or anti-colonialism has replaced ; gone the simplified economics of state monopoly, gone also much of its materialism. There remains the strength of parties which command the masses, but have been transformed into organisations championing national interests and administering the welfare state.

What keeps the label popular, and leads many politicians to take to the socialist experiment is a scientist ambition, the idea of Bertrand Russell that " no society can be entirely scientific unless it has been deliberately created and constructed on a given plan ", the reliance on what Bebel, the German socialist leader, described as " sciences applied with full knowledge and relentless efficiency to all domains of human activities ".

Few can resist this dream of monopolizing political and economic power, and regimenting the people into their own scientific pattern of socialism. But scientific technique, which is legitimate in its own sphere, does not cover the whole of man's knowledge, and the science of nature is not adequate to the science of man, his life, culture, morality and his many non-scientific aspirations. The best servants acknowledge these limitations of the sciences of nature ; as one of them, M. R. Cohen, said : " The great lesson of humility which science gives is that we cannot become all-powerful and all-knowing ; it is the same lesson as is given by all great religions : man is not and shall never be the God to whom he will bow ".

A. L.

Strengthening the Family

One of the chief difficulties encountered in the field of social reform is the application of social principles to practical issues. This difficulty is not due so much to the lack of clarity of principles, as perhaps, to the many other factors which are involved in settling any practical issue in the field of social action. Moreover, it often happens that the average citizen when confronted with measures of social policy and action is not always conscious of the principles involved. He is often unable to trace back the practice to its underlying principles. How many a time a seemingly innocent social policy really involves the denial of some fundamental principle of a healthy social order!

Fortunately for us, Professor Michael Fogarty in his admirable little pamphlet *Family Allowances* (Catholic Social Guild, Oxford, 6d) has overcome these difficulties. In his treatment of the theory and practice of Family Allowances in the U. K., he has succeeded in clearly bringing out the principles involved in the practical methods he advocates.

Some Fundamentals

While it is true that Prof. Fogarty does not claim to set out any full-dress discussion on the principles involved in his theory and practice of family allowances, he does a distinct service to the reader by linking up the method or practice of family allowances which he advocates with the underlying principles of sound sociology.

Thus, while it is generally admitted that the family is the basis of human society, few will deny that the modern family is in dire need of some kind of aid and assistance in order to discharge its rightful function in society. "All responsible opinion", writes Prof. Fogarty, "Catholic and non-Catholic, agrees today that it is important to strengthen the family." (p.8).

Then, again, it is a principle of sound sociology that the State should not take over the functions of "lesser societies"; now this is precisely what happens when the so-called Welfare State monopolises the social services in the country. And Prof. Fogarty rightly contends that most of the social services offered by the State tend finally to deprive the family of a pattern of life after its own choice.

Some dangers to the modern family

Unfortunately the dangers to the modern family are not only in the sphere of its economic life. In fact, the modern family sustains an attack on three fronts! First, there is the danger to the family which springs from the general lowering of moral standards today. This danger is expressed by the modern theories on divorce, companionate marriage, free-love and all those so-called methods of family planning. Cheap literature, tabloid papers, the cinema and the radio are often used as the channels by which this danger is spread and fostered among the masses. It needs no deep reflection to understand that by merely increasing the material prosperity of the family such evils will not be abolished. But to enter into that discussion is outside the scope of this article.

Secondly, there is the danger to the family which comes from an economic system which tends to exploit the weak and lead to an unjust distribution of wealth. The story of economic liberalism is, in fact, the story of the denial of the majority of people to a fair share of the world's resources and productive wealth. There is no need to paint this picture in lurid terms, the victims of this oppression stare us in the face in almost every country today ! It is precisely because economic conditions have plunged the greater number of families in such deep distress, that social reformers all over the world have demanded some kind of supplement to the ordinary wages of the wage-earner so that the family may enjoy the ordinary amenities of a decent life. Such supplements have come to be known under various terms ; sometimes they are called " children's allowances ", or " family allowances ", or " gratuities ", or various forms of bonus, or even " dearness allowance ".

Thirdly, there is the danger to the family which springs from the ever growing activity of the modern State. The Totalitarian States need but a passing mention in this respect, because it is common knowledge that the over-all control which they exercise over individuals and associations, must necessarily take in the family. Unfortunately, the danger is ever present even in our democratic States. In fact, with the coming of the Welfare State, there is a real danger that the family will be deprived of its rightful place and role in human society. Moreover, in our democracies this danger is more insidious, because social policies and measures which finally end in the complete absorption of the family by the State are often

urged in the name of the common good and Heaven knows the sins which have been committed against the people 'pro bono publico' Now, one such measure, in our own times, which may effectively wipe out the family, as a natural unit of society, is a policy of family allowances advanced by so many States today.

What is a Family Allowance ?

Because some systems of Family Allowances can prove such a snare, it is important to understand the system proposed by Prof. Fogarty which, as he rightly claims, can help the family and yet preserve its dignity and role in society.

Generally speaking any system of Family Allowances is a method which makes up for the want of a family living wage. In other terms, it is a system which attempts to supplement the insufficient earnings of the wage-earner. From the theoretical point of view, the main object of Family Allowances is to put to better use in the interests of the family that part of the national income which is paid to wage-earners.

It is interesting to note that Prof. Fogarty criticises the definition of a Family Allowance as given by the Code of the International Labour Organization. "It is not", he writes, "as the Code of International Labour Organisation misguidedly calls it, a 'public subsidy,' paid for from taxes and offered to the housewife by grace and favour of the State to make up for her husband's inability to earn a proper living". According to Prof. Fogarty, the Family Allowance in reality is "the benefit from an insurance or savings policy,

taken out by the chief earner of the family and paid for with the premiums deducted by arrangement with the employer, or from his earnings and from his wife's when she is still working. From start to stop it is the family's own well earned money, with no shadow of grace, favour or subsidy about it. And the best way to underline this is to tie the payment directly to wages."

Prof. Fogarty's rejection of the prevailing system of granting Family Allowances is based on facts. He finds that in the U. K. out of a total income of £ 7 earned by an unskilled worker with a wife and three children almost £ 6—10sh. is absorbed by taxes, subscriptions to the Health Insurance Scheme and other State revenues. Actually the worker and his family subsists on a subsidy of over £ 5, which they receive from the State. He then shows how out of his normal wage the worker could easily obtain the Family Allowances he needs by paying premiums of £ 1 into a fund managed by Associations of Workers as in Belgium. Prof. Fogarty's suggestion "to tie the payment directly to wages" recalls some early views on Family Allowances. In the early stages the Family Allowances often took the form of special cost-of-living bonuses added to the wages of the workers, and they were in many cases paid by the employer directly to the worker along with his ordinary wages. In fact, it was only later, and chiefly in France and Belgium, that a distinction was drawn between wages and the allowances, and this was done by some employers and certain employers' association which were then interested in the payment of such allowances.

The link between wages and Family Allowances

From the arguments advanced for regarding the Family Allowance as a part of the wage, we get a glimpse of the close connection that exists between the payment of these allowances and the employment of the worker. To begin with, such allowances, although they do not always vary with the work done, yet are seldom paid apart from such work. No such allowance is drawn by the unemployed. Yet, such allowances are not unfrequently paid to workers during periods of illness, while there have been some Family Allowance Funds which adopted the practice of continuing all regular payments even after the death of the worker.

Again, some arguments have considered all regular payments made by the employer to the worker as a part of wages. On these grounds, therefore, there have been some French tribunals which while excluding bonuses as being of an exceptional character, and though connected with the work done, as not being a part of wages; yet these same tribunals have considered Family Allowances which are regular additions to wages as being an integral part of wages. But in this there does not seem to have been any uniformity, because we find other tribunals, deciding that Family Allowances cannot be regarded as a part of wages, since such allowances are only of a temporary character and vary according to the number and age of the children! (Cfr. Family Allowances. I. L. O. Studies, 1924, pp. 10, 11).

The mechanism of the Family Allowance Scheme

According to Prof. Fogarty the Family Allowance Fund, which is composed of industry-wise compensation funds, is really a type of saving undertaken by the head of the family. "On entering an industry a man undertakes — in the same way as he may undertake to pay union dues or to contribute to a hospital scheme — to pay a weekly or monthly premium to the family-allowance fund for so long as he is employed in the industry. The actual mechanism of payment will normally be a deduction of some amount from his pay check. In return the worker receives the appropriate dependent's allowances when he needs them, and, since he has undertaken to pay their full actuarial value, he can be said through them to be supporting his family directly" (Social Action, Dec. 1955, p. 462).

The Compensation funds may be of different patterns. There may be one big fund held by the Ministry or some other national body, to level off accounts between industries which employ many men with family responsibilities and those which employ few. Or, there may be special funds for each industry or profession, run by the Joint Industrial Councils or professional associations.

Some advantages of the Scheme

As has been already pointed out the chief merit of Prof. Fogarty's Family Allowance Scheme lies in that it attempts to restore to the family its rightful place and dignity in human society. As he tells us,

"The family is the *key* institution in society. It must be strong. But it can be strong only if it takes its own responsibilities in all the main affairs of life. And that means it must also be free to make its own mistakes. It is right to educate parents (and prospective parents), best of all through family movements which they themselves set up" (p. 22). This is, indeed, a timely warning, because our society runs the danger of seeing individuals and families, due to deep economic distress, selling their rights and pattern of life for the many social services which the modern State is ever ready to offer them.

Next, the oft repeated fallacy, that individuals and families get back, by way of social services, much more than they are forced to pay the State in a number of taxes has been well exploded. "Everyone pays some taxes", writes Prof. Fogarty, "but it is a pure accident whether he gets his money's worth, or more, or less, in benefits and services from the State" (p. 6). The pity of it is that there is little or no realisation among the general public of the fact that our many taxes, purchase taxes, amusement taxes, sports taxes and various types of national insurance do, in reality, bring in but a very small return !

Further, the pamphlet mentions in passing that industries or professions should be allowed to run family allowances, because "The industry or profession is a unit which should be strengthened, for the sake of good industrial relations" (p. 14). This, indeed,

if realized, would be an immense gain, for there is no social worker who does not realise that next to strengthening the family, the strengthening of good industrial relations is essential to a sound social order. In fact, Catholic social teaching persistently advocates the reorganisation of industrial society on the basis of vocational units, so that each industry and profession may bring together all those concerned with the industry and so secure better industrial relations within the industry.

That Prof. Fogarty has written a pamphlet eminently suited to use as a text book of study-circles must not escape the reader. One of the main difficulties of such circles is that they tend to lower the interest of members by giving them too large a dose of theory and too little of practical interest. Scattered through this pamphlet are practical questions and useful enquires which study-circle members may undertake to prove a point or drive home a principle. Thus, to find out whether or not, in practice, benefits can be paid out of contributions of £1 a week, the reader is asked to make his own calculation by using the Census figures of 1951 (p. 12). Another useful enquiry which members may undertake is mentioned on page 27.

While Prof. Fogarty's pamphlet should be read by all those who are interested in using a method of Family Allowance which will really restore the family to its proper place in society, it recommends itself in a particular manner to workers and industrialists and "government planners" who are watching with interest and some concern the rapid industrialisation of

the countries of South East Asia. If these countries are to escape some of the evils of industrialism which still bedevil some of the more advanced industrialized countries, Prof. Fogarty's pamphlet can prove of immense value.

C. C. Clump.

Industrialization in Under-developed Countries

Ever since the United Nations Organization came into being at the end of the Second World War, close attention has been devoted by that body to the problems of the under-developed countries, especially those of South East Asia. While other aspects have not been neglected, it is the economic problems of these countries which have received the major share of study and attention, particularly the formidable problem of their economic development. For it has become evident to all that the social and political stability of these countries, indeed of the world, depends on substantial progress being made in removing the causes of their technological backwardness, and in raising the standard of living of their population to something more nearly approximating that in the more advanced industrial countries. The under-developed countries realise that their progress must come largely through an acceleration of the process of industrialization. China has been making strenuous efforts in this direction, and in India's Second Five Year Plan the major emphasis is to be placed on the development of industry. The road to rapid industrialization is not smooth, however, and is full of pitfalls for the unwary.

Moreover, it is imperative that the suffering and misery which attended the haphazard progress of the Industrial Revolution in Europe be avoided as much as possible. It is in view of these facts that the United Nations recently published a Report¹ designed to assist the under-developed countries in the preparation and conduct of their industrialization programmes. The Report is of special interest to India at the present time, in view of the orientation of the Second Plan. The present article summarizes and comments on some of its main points.

The Nature of the Industrialization Process

Throughout the Report, the term "industrialization" is used in its restricted meaning to designate simply "growth of manufacturing industry". Manufacturing industry is taken to include (a) processing of primary products ; (b) transformation of materials, e.g. manufacture of consumer good ; (c) manufacture of machines and other capital goods. The more mature the country, the greater the proportion of industrial output contributed by (c) as compared with (a) and (b).

It follows from the definition of industrialization which has been chosen, that "industrialization is conceived of as a part, but only a part, of the much broader process of economic development." Economic development in general is defined as "the raising of standards of living through a steady increase in the

¹ Processes and Problems of Industrialization in Under-developed Countries, United Nations, Department of Economic and Social Affairs, N. Y., 1955.

efficiency of factors of production." Great emphasis is placed on the need for balanced or integrated development of the economy as a whole, as the industrial sector grows in importance, for "industrialization is a process of growth, and as such is organically linked both to the social and economic past, and to parallel processes of social and economic development." The corollary is that "development plans for industry cannot be framed in isolation; they must be integrated with plans for the development of agriculture, mining, transport, power and all other sectors of the economy." The three sectors of the economy whose balance is crucial are agriculture, secondary industry and the economic infrastructure of common services and facilities — upon which a specialized exchange economy so greatly depends.

Signs of Imbalance

As the process of industrialization moves forward, a careful watch must be kept for signs of imbalance in the economy in development. Such signs are the appearance of inefficient, high-cost production in the industrial sector; failure of the flow of raw materials to keep pace with expanding industry; shortage of key factors of production, such as certain types of skilled labour; failure of markets for the products of industry to expand as rapidly as the industrial sector; falling production in the agricultural sector as labour is attracted into industry with possible damage to the country's export position; etc. The important thing is to detect these maladjustments at the incipient stage. This calls for a constant check on development programmes as they unfold, as well as continual revision as the maladjustments appear.

In addition to the problem of balance of the various sectors of the economy as development proceeds, there is the crucial question of balance between savings and investment. As investment expands, saving must not lag too far behind if excessive inflation is to be avoided. Inflation is an ever-present threat in an under-developed country attempting to industrialise rapidly, particularly when deficit-financing is resorted to on a large scale.

Deficit Financing

The essential question is whether deficit financing can lead to real capital formation without undue hardship on any one group in the economy, and without unsettling to any great extent the economic and social fabric as a whole. It is true that through deficit financing, important projects, such as dams, irrigation works, roads, etc., are provided with the necessary source of finance otherwise unobtainable, due to the low level of savings in the country. At the same time the inflation which is generated almost always results in changes in the distribution of incomes. The beneficiaries of this redistribution are likely to be the entrepreneurial class, and those with higher incomes generally, rather than the peasants and workers. Since the former classes are precisely those groups in society which have the highest propensity to save, it may well be that savings will rise, and tax proceeds as well, lessening the need for deficit financing in the future. Thus it can be argued that the inflationary effects of the programme need not be very severe, and that the outcome will be greater saving, investment and capital formation.

It cannot be denied that there is validity in this line of reasoning. However, such a policy must be applied in concrete circumstances with great caution. Within limits, and if it does not proceed too far, inflation can generate the forced savings needed for capital formation. But it can easily get out of hand in a country where the credit control and fiscal machinery are weak, and prove a discouragement to saving, rather than a stimulant. Moreover, it cannot be taken for granted that the redistribution of income will be in favour of those who will invest more in truly productive enterprises. As one expert points out,* inflation frequently leads to a misdirection of the savings it creates, favouring investment in luxury industries, residential housing and increased consumer goods imports while more essential projects are neglected. Another study on this subject draws attention to the fact that the class which is likely to suffer most from inflation is the small class of professional men and government employees, on whom the country relies heavily for the inventiveness, integrity and organizational ability so essential to a drive for development.† Furthermore, as inflation develops, pressures are brought to bear on the government for cost-of-living allowances, subsidies, compulsory requisition of food-stuffs, etc., resulting in additional complex administrative problems for a government already overburdened.

* Nurkse, R., *Problems of Capital Formation in Under-developed Countries*. p. 144-45.

† Das Gupta, A.K. et al. in "Mobilization of Domestic Capital" (United Nations, ECAFE, 1953). p. 41.

It is impossible to say *a priori* to what extent a country should employ deficit financing in its development programme. Conditions vary greatly from country to country and the only practicable course is one of cautious trial and error. Furthermore, it must be kept in mind that the choice between deficit financing on the one hand, and taxation, borrowing and stimulation of domestic voluntary saving on the other is never a choice between exclusive alternatives. What rapidly industrializing countries must remember is that the more deficit financing is resorted to, the more strenuous must be their efforts to raise the level of voluntary saving and tax receipts. The two programmes are complementary, not substitutes for one another.

Subsistence Sector

In the Report, the authors point out that historically the first step towards industrialization has typically been the transformation of an elementary subsistence economy by the introduction of exchange. This in turn leads to the increase of division of labour, and the development of secondary industries. This process must be accelerated as a country implements a conscious programme of industrialization, if the subsistence sectors, consisting of self-contained village economies, are not to lag far behind the general pace of development. Such disparate growth is undesirable because the perpetuation of subsistence economies limits the market for the country's expanding industry, and inhibits the flow of labour and other resources into the developing sector. Integration, however, of the subsistence 'pockets' with the rest of the economy will tend to raise incomes in the former, inasmuch as

they now share in the general development which is taking place, and thus make possible greater saving for capital formation. At the same time, introduction of the money exchange economy in areas where it has hitherto not existed makes possible the channeling of savings into other sectors. This presupposes simultaneous development of adequate banking and other financial institutions in rural areas of the economy as development moves forward.

How rapidly the transition from subsistence to exchange economy conditions can be brought about will of course depend on the tenaciousness of custom and tradition, a subject of vast proportions for the adequate study of which much more data are needed.

Balance between the Agricultural and Industrial Sectors

The authors of the Report stress the need for prior or at least simultaneous development of agriculture as the industrialization programme gathers momentum. The present reviewer agrees with this, but not for the reasons advanced in the Report. The authors base themselves primarily on an 'extent of the market' argument. In under-developed countries, they say, agricultural incomes constitute the main determinant of the size of the market for products of industry. They conclude that productivity and incomes in the agricultural sector must be raised first if expanding industry is to find the markets it needs. This argument overlooks the fact that the industrial market can be expanded by the simultaneous establishment of many industries. In this case, each of the new industries generates incomes which enable its workers to buy the products of the other industries. By ex-

panding together they provide markets for one another's products. This kind of joint expansion on a broad front, however, implies adequate capital supply, and this is the real reason why development of the agricultural sector of the economy must accompany industrialization. In the early stages of development, marketable agricultural surpluses must be brought into being and channeled into the financing of industry, and this process played an important role in the case of both Russia and Japan. At a later stage, when industry has become largely self-financing through the ploughing back of profits, the question of finding markets may become more important. But in the early stages the agricultural sector is more significant as a potential source of capital for industrial development than as a market for industry's products. All this, of course, is closely related to the difficult question as to how much consumption should be allowed to rise in the initial stages of development, at the expense of increased saving and capital formation, particularly with reference to the agricultural sector. It is worth noting that totalitarian governments are in a position to hold down living standards to a greater extent than is feasible in a free democratic state. This advantage in the industrialization race must be off-set by the democratic population's willingness to embrace some measure of austerity, such as is called for by the Congress Party's recent Economic Policy Statement. (Cf. *The Statesman*, November 12th).

Problem of Raw Materials

As secondary industry expands, larger quantities of raw materials are needed by the industrializing country. Where are these increased supplies to come

from ? There are two possibilities : (1) development of primary production step by step with the expansion of secondary industry ; (2) importation of raw materials from abroad. In the Report, the first alternative is considered one of the most essential aspects of balanced development. The reason is that it is in the interests of industrialization to have the raw materials supplied to local factories priced as low as possible. Secondly, primary products exported from the country should be locally processed as far as possible. Further local production of raw materials lessens the foreign exchange requirements of the new industry. On the other hand while imports of raw materials are subject to interruptions and uncertainties, additional development-effects are produced if the new manufacturing industry relies on local sources of raw materials.

A number of qualifications are introduced, modifying considerably the general principle that domestic raw materials should be used whenever possible. If advantage is to be gained from the use of local in place of imported materials, productivity in the primary industries must be high. Otherwise cost-pyramiding may result, retarding the process of industrialization. Secondly, the local product should not be notably inferior to imported materials. Thirdly, if the local raw material is of marked superiority, it may be more profitable to sell it in the world market than to use it in local industry. Ultimately the dominant factor in deciding between the use of local sources of supply in preference to foreign is the comparative cost involved. Political considerations apart, this is the only sound basis for a choice,

and doubtless the one the authors of the Report intended to espouse. Furthermore, the stimulus which local raw material production gives to development of the economy generally, although greatly stressed by the Report, can easily be exaggerated. Several of the advanced industrial countries built up their industry on imported materials, notably Britain and Denmark. And if use of local materials results in cost-pyramiding, over-all development will be at a slower rate than otherwise. However, the principles of comparative advantage and international division of labour will often make it desirable for domestic industry to exploit local sources of raw materials, which is usually the first stage in the industrialization process.

Allocation of Investment in the Industrial Sector

With regard to the sequence in which industries should be established, the authors of the Report first lay down four considerations which must be borne in mind: (1) the serious shortage of capital which prevails in most under-developed countries; (2) a manufacturing establishment, in general, requires substantially more capital than an agricultural or commercial unit; (3) capital invested in a factory is usually far less flexible in location and function than investment in a farm or shop; (4) most under-developed countries have no tradition of industrial investment. The shortage of capital is due to low incomes leading to low rates of saving; mal-distribution of income; and the tendency toward conspicuous consumption and towards excessive investment in land and commercial enterprise. It is further pointed out that the tendency of savings to circulate in the sector which generates them aggravates the problem of

capital shortage for industrial purposes, as does the lack of institutions which could channel savings from one sector of the economy to another.

From all these considerations, two conclusions are drawn. First, the importance of selecting the new secondary industries in such a way that the marginal productivity of the factors employed is greater than it was in their previous use, and secondly, the necessity of government action to encourage industrial investment, through appropriate monetary and budget policy of guaranteeing loans made to private enterprise.

When we come to the problem of the actual sequence in which new industries should be established, it is pointed out that there are generally no valid criteria of suitability and urgency. Decisions can be made only within the framework of the economy in question. In general however, "it would be those with the least need for capital and skill and those which can be economically organized in multiple small units that are likely to fit most readily into the pattern of factor availability and market distribution in the less developed countries."* Other things being equal, it is therefore concluded that in most under-developed countries it is labour intensive rather than capital intensive industries that would appear likely to possess the greatest relative competitive advantage, even when

* Reference is made to an article by K. A. Bohr, "Investment Criteria for Manufacturing Industries in Under-developed Countries" in "Review of Economics and Statistics", May, 1954.

the productivity of labour is somewhat lower than in the more advanced countries.*

Balance of Payments

An important consideration bearing on investment priorities is the balance of payments position of the developing country. Strain can easily develop in the balance of payments as the programme of industrialization unfolds. In the first place, large amounts of capital equipment must usually be purchased in foreign countries. Secondly, even when established the industry is likely to use foreign exchange for the import of raw materials, accessories and/or spare parts for plant repair and maintenance. In addition, a major leakage of foreign exchange may arise through changes in the consumption pattern of those employed in the new industries, with a consequent rise in the import content of the worker's budget. The balance of payments problem is aggravated if the industrialization programme is being financed to a considerable extent by foreign capital, since servicing of the debt will require additional exchange.

These considerations point to the need of stimulating exports as industrialization proceeds, but it does not follow, as some authors argue, that a large share of new capital must be directed into export and import-competing industries, even when import of foreign capital is playing an important role. Those who argue thus maintain that the new investments will create

*For another view on this complex subject see Vakil and Brahmanand "*Planning for an Expanding Economy*" (Vora & Co. 1956).

new income, which will be spent partly on purchasing imported goods, thereby producing a strain on the balance of payments position, unless the new industry itself produces new exports or substitutes for goods hitherto imported. But this is not true so long as the holders of these new incomes buy the products out of their incomes and not out of inflationary sources.*

It must be conceded, however, that the effect of the spending of the new incomes on the balance of payments is indeterminate. In practice, suitable remedies will have to be adopted in view of the concrete circumstances of the case. The important thing to realize is that the greatest danger to the balance of payments lies not so much in the failure to invest in export or import-competing industries as in the development of inflation. For if incomes are expanded recklessly from inflationary sources, balance-of-payments problems must inevitably be the outcome as imports expand and export markets decline. This is the point that is very strongly emphasised in the Report, and the governments of under-developed countries are warned to attach greater importance to the danger of inflation than to the direction of domestic investment into export industries.

Conclusions and Appraisal

The main usefulness of the Report lies in its serving as an introduction to, and an over-all survey of, the problems likely to be encountered as a country

*For fuller discussion see Kahn, A.E., "Investment Criteria in Development Programmes," *Quarterly Journal of Economics*, Feb., 1951.

embarks on a programme of industrialization. To that extent, it serves as a timely reminder of the major points which the governments of the under-developed countries must keep in mind when drafting development programmes. In this connection, emphasis on industrialization as only one phase of general economic development, and on the proper integration of the various phases with one another, is well placed. Similarly, the frequent stressing of the fact, that the problems are of a 'real' nature, hence not to be solved by purely monetary measures, is of practical value. The same is true of the frequent mention of the necessity of tightening up the local administrative, fiscal and credit mechanism.

Beyond serving as an introduction to development problems, the Report is not likely to be of great assistance to countries preparing practical programmes of rapid industrialization. It is of far too general a nature to assist them greatly with specific practical problems. The nature of the latter, moreover, is greatly influenced by local circumstances, treatment of which lay outside the scope of the Report. It would have helped under-developed countries more, if instead of attempting to cover such a wide range of subjects, the authors of the Report had selected a narrower range of central problems and then analyzed them more in detail, particularly with reference to how other countries have coped with them, what methods of solution they found useful, and the reason for such failures as took place. The authors must have turned up a wealth of empirical data from their analyses of the fourteen countries whose experience furnish the basic substance of the Report. Much more of this

could have been incorporated with profit, in place of the more general observations which abound. Briefly, the authors' treatment of development problems is stronger when they deal with administrative and social problems and recommendations, than in the area of economic problems proper.

J. J. Berna

Documentation

PEACE AND FREEDOM

Pope Pius XII

*broadcast from the Vatican Radio on 17th November, 1956
during the recent crisis in Hungary and Egypt.*

To the anguish which our paternal heart feels at the iniquities perpetrated against the beloved people of Hungary, guilty of having sought respect for fundamental human rights, there is added our anxiety for the peace which is endangered and our sorrow at seeing a thinning in the ranks of those on whose authority, union and goodwill it was felt much reliance could be placed for the progressive re-establishment of concord among nations in justice and in true freedom.

Peace and Freedom

Who can deny that the questions of peace and of just freedom have taken regrettable steps backwards, dragging with them into the shadows the hopes which had laboriously re-arisen, and to which manifold evidence lent foundations? Too much blood has been unjustly shed. Too much mourning and too much slaughter has suddenly been caused again. The slender thread of trust, which had begun to reunite peoples and sustain their hearts a little, seems to be broken. Suspicion and distrust have dug a deeper abyss of separation. The entire world is rightly startled at the hasty recourse to force, which all parties had thousands of times condemned as a means of settling disputes and ensuring the triumph of

right. There is no doubt that the world has come forth from the paroxysm of these days of violence disorientated and shaken in its trust, because it has witnessed the repetition of a policy which, in differing manner, places the arbitrary act of one side and economic interests above human life and moral values.

In the face of such disregard for justice and fraternal love, in the face of men's growing scepticism towards the future, in the face of the aggravated disunion of men's minds, we, who have received from God the mandate to promote the welfare of all nations, and who firmly believe that peace is not a vain dream but a duty which all can fulfil with the intent to contribute towards saving peace in itself and in the elements upon which it is based, we wish to address to the peoples our heartfelt appeal. Let us restore the ways of peace, let us re-inforce the union of those who have lost it. We address ourselves first of all to you, beloved peoples, men and women, intellectuals, labouring men, artisans and agricultural workers, of whatever race or country, in order that you may make known to your rulers what are your innermost sentiments and your true aspirations.

Recent happenings have confirmed that peoples — both families and individual persons — prefer the tranquillity of their work and their family to any other more longed-for wealth. They are ready to renounce it, if its cost to them were to be the price of tyranny or the risk of war with its consequences, ruins, mourning, imprisonment and death.

An Appeal

In the name of religion, of civilisation and of right human sentiment, let there be an end to illegal and brutal repressions, of plans for war, of political preponderance among powers — all of which are things which change earthly life into an abyss of anxiety and terror, deaden the spirit and nullify the fruits of work and progress. This, which is the voice of nature, should be loudly proclaimed within and abroad by every nation, and should be heard and welcomed by those to whom the people have entrusted power. If public

authority, in so far as it is its duty, does not strive to ensure at least the life, the liberty and the tranquillity of the citizens, whatever else it may succeed in accomplishing, it would fail in the very substance of its purpose.

Hungary

But over and above every other nightmare, there weighs upon men's minds the significance of the mournful happenings in Hungary. The world's universal and spontaneous emotions, which its attention to other grave events is unable to diminish, shows how necessary and urgent it is to restore freedom to those peoples who have been robbed of it. Can the world disinterest itself in these brothers, abandoning them to the fate of a degrading slavery? Certainly the Christian conscience cannot shake off the moral obligation of trying every licit means, in order that their dignity be restored to its pristine state and their freedom given back to them.

We do not hide from ourselves how intricate are at present the relations between nations, and between the continental groups which comprise them. But let the voice of conscience, of civilisation, of brotherhood be heard, let the very voice of God, the Creator and Father of all, be heard, by subordinating, even with grave sacrifice, every other problem and whatsoever particular interest, to the primordial and fundamental problem of millions of human lives reduced to slavery. Let men recommence as soon as possible to reform their ranks, and to bind closely in a solid public pact all those — both governments and people — who want the world to tread the path of the honour and dignity of the sons of God: a pact capable also of defending its members efficaciously from every unjust attack against their rights and their independence. It will not be the fault of honest men if, for those who stray from this path, there remains only the desert of isolation. Perhaps it may come to be, and we wish it with all our heart, that the compact unity of nations sincerely loving peace and freedom will suffice to induce milder counsel in those who withdraw themselves from the elementary laws of human society, and thereby personally deprive themselves of the right to speak in the name of

humanity, of justice and of peace. Their peoples, especially, cannot but feel the need to return and become part of the human family so as to enjoy the respect and the benefits which it provides.

All of you therefore, beloved peoples of the East and the West, members of the common human family, be united for freedom and for peace. Peace, freedom. The hour has come when these momentous words do not allow further room for equivocation. They have come back to their original and clear meaning which was the meaning always intended by us, derived, that is, from the principles of nature and from the manifest will of the Creator. Repeat them, proclaim them, put them into action. Let your rulers be faithful interpreters of your true sentiments, of your true aspirations. God will help you, God will be your strength, God, God, God.

The Name of God

May this ineffable Name, fount of all right, justice and freedom, resound in parliaments and public squares, in homes and in factories, on the lips of intellectuals and of manual workers, in the press and over the radio. May the name of God, as a synonym of peace and freedom, be the standard of men of goodwill, the bond of peoples and nations, the sign by which brothers and collaborators in the work of common salvation will recognise one another. May God arouse you from lethargy, separate you from all complicity with tyrants and warmongers, and enlighten your conscience and strengthen your will in the work of reconstruction. Above all, let His name re-echo in sacred temples and in hearts, as the supreme invocation to the Lord, so that with His infinite power He may help to accomplish what weak human forces are having so much difficulty in attaining. With this prayer, which we, in the first place, raise up to His throne of mercy, we leave you beloved children, confident that calm will return to shine once more over the world and upon downcast faces, and that peace tested by such great trials, will come out of it, truer, more enduring and more just.

BOOK REVIEWS

Manual on Social Education pp. 104.

Report 1955-56 pp. 118

Report of a Survey by M. L. Wilson pp. 30.

Main Recommendations and Conclusions of the Fifth Development Commissioners' Conference at Nainital (5th to 8th May, 1956) pp. 64.

Issued by the *Community Projects Administration*, Govt. of India.

These publications of the Community Projects Administration deal with the many sided activities of one of the most interesting experiments in rural uplift in the modern world. For the size of the area to be developed and the millions to be influenced so as to change their way of life, there is nothing to compare with the Community Development Projects in India. Fortunately information about the work that is being done and its evaluation in terms of progress or failure are not hard to obtain as is evidenced in the publications mentioned above.

The *Manual on Social Education* discusses in detail the prevalent meaning attached to the phrase 'Social Education' and then outlines a plan for the training of Social Education Organizers for the Community Development Projects and describes their work stage by stage. It is obvious that the manual is the outcome of much experience in teaching methods for adults, which is a crying need in India where illiteracy is a mass problem, and has to be tackled on a mass scale to be successfully eradicated. To achieve this end, 'social education' must be more than an attempt

to teach people how to read and write, for the greatest obstacle to making our villagers literate is not so much helping them to learn the alphabet or to solve simple problems in arithmetic, as to devise ways and means to retain the knowledge they have acquired and even to deepen and expand it.

The chapter on Personal Development needs to be singled out for its sympathetic treatment of the difficulties and consequent frustrations that overtake every Social Education Officer in his career. The cause of the frustration is traced to the tendency to skip stages and proceed at too quick a pace. But this is only one of the causes and not the most important either. So much will depend on the character of the S. E. O., his courage and tenacity of purpose and his sincere desire to help the people entrusted to his care. It is here that deep convictions of service to his fellow men based on a rational philosophy of life need to be firmly inculcated.

For practical details of approach and development, the Manual is a gold mine of experience and wise caution, and anybody anxious to devote himself to Social Education should first deeply assimilate the teachings and principles so clearly outlined in the Manual on Social Education.

The Report 1955-56 is the fourth of its kind and deals with the growth and expansion of the Community Development Project as presented to Parliament. Over 68 million people have been brought under the influence of the Projects since their inception. During the Second Five Year Plan, the whole country

will be covered by the National Extension Service Blocks, 40 % of which will be intensively developed.

Since expenditure in the Community Development Projects is based on the peoples' participation in the scheme, increasing expenditure as set forth in the Plan is a good index of success. Some administrative difficulties regarding sanction of expenditure are discussed. It is said that the participation of the people either in cash or labour or grants of land, etc. amount to about 60 % of the expenditure of the Development Projects.

The Project Staff have been concentrating on new techniques of production, improved breeds of animals, poultry and fish, minor irrigation works, cottage and small scale industries co-operative methods of organisation, prevention of disease, care of health, social education through the development of people's organisation.

In course of time, the Community Development Administration has become a kind of co-ordinating body between the various departments that are concerned with supplying the needs of the agriculturists. This is a difficult role to play, but the attempt seems to be succeeding in many places in the country.

The Report of a Survey is the work of Mr. M. L. Wilson, Ford Foundation Consultant on Community Development Programme, who was specially invited by the Community Projects Administration to make a survey and evaluate the work of the Projects. Mr. Wilson had been associated with the extension movement in the United States for more than 50 years,

and speaking out of the wealth of his experience, Mr. Wilson has some very kind words to say about the Development Programme in India. India is trying to do in five or ten years, says Mr. Wilson, what the United States took over half a century to achieve. He was keen on watching how the people participated in the programme and was often amazed to find that they were so ready for the change and eager to embrace new techniques. The few women assistants to the Project officials have worked wonders in certain villages.

But like every great movement, the Development programme still in its early stages has certain defects which it must overcome. In the first place Mr. Wilson found that the village level worker is often treated as a chore boy to run errands for the senior officers. He should be regarded as a member of a team with a definite status in the entire organisation. Secondly the Block Development Officers are something peculiar to India, and inasmuch as they occupy the key positions in the organisational hierarchy, should be selected individuals endowed with a variety of qualities that are hard to find in one man. They should be good administrators and at the same time have the developmental point of view, for which, thought Mr. Wilson, they are not sufficiently trained. Since the participation of the people is an essential aspect of the Project, human relations become an urgent necessity. On the other hand, not many of the instructors have had actual experience in the field, and so training methods are deficient or too theoretical.

But the mere fact that the Community Projects Administration could invite an expert like Mr. Wilson

to critically evaluate the progress of the programme only shows that the Administration is not afraid of revising its methods and facing up to its shortcomings. It reveals that the men in charge of the programme are determined to succeed and carry out the programme despite every obstacle.

Finally the *Main Recommendations and Conclusions* of the Fifth Development Commissioners' Conference at Nainital is another frank appraisal of the shortcomings of the Projects as worked out up to date. Many of the recommendations agree with those made by Mr. Wilson, though the Commissioners emphasise the economic aspects of the programme, and are keen on the village industries being more intensively developed. One can gauge from the recommendations that there is not sufficient co-ordination between the various departments that are concerned with rural uplift.

It is obvious that the Commissioners strongly believe in Pilot projects and schemes to move the villager to adopt new farm techniques. But isn't the human approach to the farmer as necessary as the demonstration centre. It is difficult for the superior administrative mind to follow the intricate patterns of the psychological reactions of the farmer, but unless the administrator knows his people as well as his department files, he is not likely to succeed in getting them to adopt the new methods of better farming. One misses this aspect of human relations in the recommendations and conclusions of the Commissioners Conference.

A. F.

Transformation of Sikhism. By Sir Gokul C. Narang.
Pp. 260. New Delhi : New Book Society of India,
1956. Price : Rs. 10/-.

The present book is the fourth edition of a detailed study of Sikhism which a foreward by the late Sir Jogendra Singh recommends to the public. The first edition, 1912, was considered as authoritative ; it has been revised and enlarged, and it covers the recent trends and activities of the Sikhs since Independence. But the after-independence period has been too complex and agitated for a detailed analysis and criticism to be possible. Moreover the study gives little about the population, and the economic conditions of this important minority for a suitable discussion of its future.

What may be considered as the more valuable and instructive part of the book is not only the history of the Sikh community, but also the analysis of Sikh doctrines which will be welcome by all outsiders. The author effectively counters the popular idea that Sikhism is a mixture of Hinduism and Muhamadanism, and asserts that the impact of Islamism produced only a reaction against it. On the other hand he stresses the bearing of Guru Nanak's mission as a purification and reform of ordinary Hinduism : attenuated pantheism, reaction against idol worship, anti-ritualism, reverence for God's name. Caste restrictions in eating and drinking and in matrimonial affairs are not so severe as among Hindus, though the degree of acculturation in the various strata of Sikh society is offering a great variety.

The chief peculiarity of the Sikh lies in his soldierly habits and qualifications. As General Gordon

said, "wherever there has been hard fighting to be done, there they have been found in the forefront, maintaining their high reputation for steadfast fidelity, dogged tenacity and dauntless courage, — the undying heritage of the Sikhs". This heritage will be welcome by mankind all along our lengthy journey to world peace.

A. L.

Social Survey

New India

With the reorganisation of States on a more or less linguistic basis the map of India has been considerably altered. With the disappearance of several States, large and small, many a familiar name has vanished. The merger of the former princely States to form larger units and the abolition of Rajpramukships have removed the last vestiges of the once powerful Native States.

Before reorganisation there were 9 Part "A" States, 9 Part "B" and 10 Part "C" States. Now there are only 14 States, all of equal rank, and six Centrally administrated areas.

Eight of the new States have acquired new territory, four have remained as they were while two have lost some territory.

Unit	Capital	Area (sq. miles)	Population (millions)
Bombay *	Bombay	188,240	47.8
Madhya Pradesh	Bhopal	171,200	26.1
Rajasthan	Jaipur	132,300	16.0

* Comparative figures. U.K.: 88,300 sq. miles, 48.9 million; France: 212,900 and 42.7; U.S.: 3,718,000 and 150.6; Switzerland 16,000 and 4.7; Brazil: 3,299,000 and 51.9.

Unit	Capital	Area (sq. miles)	Population (millions)
Uttar Pradesh	Lucknow	113,410	63.2
Andhra Pradesh	Hyderabad	110,250	32.2
Jammu and Kashmir	Srinagar	92,780	4.4
Assam	Shillong	84,924	9.0
Mysore	Bangalore	72,730	19.0
Bihar	Patna	76,830	38.9
Orissa	Cuttack	60,140	14.6
Madras	Madras	50,170	30.0
Punjab	Chandigarh	46,616	16.0
West Bengal	Calcutta	33,279	26.2
Kerala	Trivandrum	14,980	13.6

Centrally Administered Areas

Himachal Pradesh	Simla	10,451	.98
Manipur	Imphal	8,658	.58
Tripura	Agartala	4,658	.64
Andaman and Nicobar	Port Blair	3,215	.03
Laccadive, Amindive and Minicoy	—	1,900	.02
Delhi	Delhi	578	1.74

Colleges

The Union Ministry of Education is understood to have addressed a circular to State Governments inviting proposals for relieving overcrowding in colleges which is regarded as one of the chief causes of indiscipline among students.

The Government have suggested three types of measures:
 a. (1) no college to have more than 800 students (2) the ratio of students and teachers in every college should be not less than one teacher to every 20 students; b. a three-year degree course, and c. better equipped laboratories and libraries.

The Government have agreed to meet half the cost of this scheme.

With the introduction of the three-year degree course the present Intermediate will disappear and consequently the number of students in the university will be automatically reduced.

In 1956 schools and colleges in India turned out 4,010,000 matriculates, 557,000 intermediates and 2,083,000 graduates. The last category includes persons taking degrees in teaching, law, medicine, engineering, agriculture and others.

Workers

Thanks to the interest taken by the Transport Minister the threatened strike of dockers has been called off. The strike was originally fixed to begin on November 15 but after talks with the Government of India it was deferred by a fortnight. An officer has been appointed to go into the question of rationalisation of the pay scales of the different categories workers in class III and class IV employees in the major ports.

With the closing of the Suez Canal India's export and import trade is already showing signs of strain. A strike at this juncture would have been disastrous.

The Working Committee of the Indian National Trade Union Congress has called upon all the affiliated unions in various industries to demand a general increase in wages.

The Working Committee in a resolution said that in the majority of the industries, the wage level was far below the living standard and in spite of high profits made by the industries during the war and post-war years, the increase in wages had not been adequate. The raising of the wage level, in order to attain a living wage as recommended by the Fair Wages Committee, was overdue. The Committee called upon the Government to fulfil its promise by appointing wage boards for the different major industries.

The Deputy Minister for Labour said in the Lok Sabha recently that the Government of India proposed to set up

shortly wage boards for "some industries". The Labour Minister told the House that he was not in a position at the time to specify the industries for which the wage boards would be set up but gave an assurance that the boards would cover nearly two-thirds of the workers employed in factories.

There is great discontent among the workers of the nationalised Insurance Company. According to reports business has been falling at an alarming rate. Employees are agitating both for conditions of work and emoluments. If things are not settled soon to the satisfaction of all concerned the new born enterprise in the public sector is going to have a lot of trouble.

Provident Fund Scheme

An amending Bill to enable the Government to extend the benefits of the Employees' Provident Funds Act to plantation, mines, commercial and other establishments by notification was introduced in the Lok Sabha by the Government.

The Act originally applied to factories engaged in six industries namely, cement, cigarettes, electrical, mechanical or general engineering products, iron and steel, paper and textiles. It was recently extended to 17 other factory industries by notifications.

As the law stands at present the Government has no authority to extend it to non-factory labour. The Bill seeks to remedy this.

Elections

Though the date is not yet fixed it is most likely that elections for the Central and State legislatures will take place sometime in February or March 1957. All the political parties are busy drafting election manifestoes and selecting candidates. Some of the leftist parties are trying to forge alliances with other parties with a view to defeat or at least to weaken the Congress Party which in spite of all its sins of commission and omission is still the strongest and healthiest organisation in the country.

The Election Commission too has been keeping itself busy getting things ready for the great day. The Commission has decided to recognise 11 political parties as State parties for the purpose of reserving symbols for them in the coming election. The parties with their respective symbols are :

1. All-India Scheduled Castes Federation.— (Elephant).
2. All-India Forward Bloc (Marxist). — (Standing Lion)
3. All-India Ganatantra Parishad. — (Bow and Arrow)
4. Akil Bharat Hindu Mahasabha. — (Horse and Rider)
5. Akil Bharat Ram Rajya Parishad. (Rising Sun)
6. Chota Nagpur and Santhal Parganas Janata Party. — (Cycle)
7. Jharkhand Party. — (Cock)
8. Peasants' and Workers' Party: (Andhra, Bombay and Mysore). — (Cycle)
9. The People's Democratic Front. — (Hand)
10. Revolutionary Socialist Party. — (Spade and Stoker).
11. Tripura Ganatantrik Sangha. — (Ladder)

Four more State parties are under consideration, namely, the Praja Party of Andhra, the Pursharthi Panchayat of Rajasthan, the Saurashtra Khedut Sangh of Bombay and the Shiromani Akali Dal of Punjab.

Besides these State parties there are the four all-India or national parties : the Indian National Congress, the Praja Socialist Party, the Communist Party of India and the Bharatiya Jan Sangh. These parties will have the same symbols as they had during the last Election.

Shipping

India is trying to increase her shipping tonnage from 600,000 tons to 900,000 tons before the close of the second Five-Year Plan period. Orders have been placed by Government and private parties for 30 ships totalling about 181,000 tons. The ships will be built both in India and abroad. The

Government of India is considering a proposal to set up another ship building yard in the country. A team of British experts have been called in to advise the Government.

There is also a proposal to acquire some Liberty ships built during the last war. It is likely that these ships will be soon acquired from the United States of America.

Though our coastal trade is reserved to Indian ships there are not enough vessels for the job. Hence the increase of tonnage is imperative. Besides coastal trade India is increasing day by day her foreign business. For this too more, bigger and faster ships are badly needed.

The acquisition of new ships for which orders have been placed will cost the country over Rs. 350,000,000. Some of these ships, however, will be available only during the third plan period.

Loan

India has accepted a loan of 500 million roubles (about Rs. 600,000,000) from the Soviet Union. It bears an interest of 2½ per cent and is payable in twelve annual instalments.

Railways

In 1954-55 the total number of accidents on Indian Railways was 12,922 as against 15,517 in the preceding year. Since July 1955 to date there have been nine major accidents in which, according to official figures 312 lost their lives and 212 were seriously injured. In the three accidents caused by collapsing bridges (Aler, Mahboobnagar and Ariyalur) 411 persons were killed.

The Mahaboobnagar accident is going to cost the railways, in compensation only, Rs. 700,000. The maximum amount payable is Rs. 10,000. So far 98 persons have put in their claims. The loss involved in the distruction of rolling stock must have amounted to many lakhs. The Ariyalur accident will cost the Government much more.

In spite of all the talk about amenities and progress our railways leave much to be desired. Besides the overcrowding, which is ever on the increase, and the late running of most trains most of the time in most parts of the country there seems to be a general slackness in the discipline. Beggars and hawkers continue to make themselves a thorough nuisance in running trains without the least fear of molestation by railway staff. The stopping of trains by pulling the alarm chain, squatting on tracks and disorganising the running of trains on entire sections thus causing great inconvenience to bona fide passengers is becoming quite a game with unsocial elements.

Mr. Nehru recently spoke of the possibility of running our locomotives with atomic power. When travel is becoming dangerous in trains hauled by old engines using low grade coal what will happen when powerful engines running on atomic energy thunder through the country side? That may be one way of solving our population problem. Between family planning and railway accidents India is sure to have a balanced population.

Factories in Kerala

There were 896 registered factories in the ex-Travancore-Cochin State at the end of 1955-56 as against 916 at the end of the previous year. The total number of man-days worked in these factories was 21,408,630 as against 22,687,457 in the previous year.

There were 793 Trade Unions. 126 conciliation conferences were held by the Labour Commissioner, 637 by four Assistant Labour Commissioners and 471 by four Conciliation Officers.

During the period the department tackled 5,803 industrial disputes of which 4,636 were settled by officers of the department. Four hundred and forty one disputes were settled by voluntary negotiations between the parties, and 106 disputes were withdrawn by the complainants. Sixty seven disputes were referred to adjudication and arbitration.

A sum of Rs. 5,849,136 was paid in bonus to employees during the period under consideration.

Palmyrah Leaves

The Madras Government in order to encourage home industries will soon start a training centre to teach improved methods of manufacture and standardise the quality of the articles produced. 20 candidates will be given training for six months. Families will also be given special grants and will be supplied raw materials. The Centre will be turned into a Co-operative later on.

The palmyrah palm is extensively used for a variety of domestic purposes, especially in Southern India. In pre-prohibition days thousands of persons used to make their living by tapping its juice which was used both as a drink and as raw material for manufacturing coarse sugar which is much in use among the poorer classes.

Horror Comics

The Lok Sabha having unanimously passed the Young Persons Harmful Publications Bill, 1956, one more law will be placed on the Statute Book. Stirring speeches were made supporting the Bill and condemning comics and allied publications. But, as has been often said before, it is yet to be seen how far the law will be enforced. Judging from the way several laws made in recent times are being enforced one is inclined to be a bit pessimistic. If the authorities show the same sort of zeal our youngsters will have their regular supply of horror comics, though probably under a new name.

Cars

In the first nine months of 1956 the number of automobiles produced in India was 23,791. During the whole of 1955 the total number of automobiles produced was 23,084.

Six firms are engaged in the manufacture of cars in India and all the six are Indian companies. Three of these have

no foreign capital at all while the three others have a small portion of foreign capital. The total Indian capital in these three firms is Rs. 12.98 crores and foreign capital Rs. 98 lakhs.

Several thousand midget three-wheeled British cars will be soon imported into India. They cost about £ 300 but in India they are likely to cost a lot more.

Industrial Disputes

In disposing of an appeal the Supreme Court has given an interesting interpretation of section 2 (k) of the Industrial Disputes Act, 1947.

The facts of the case are : Mr. Ragunath Gopal Patwardhan, an employee of the Central Provinces Transport Ltd., was dismissed in June 1950 for gross negligence and misconduct. He was prosecuted for theft but was acquitted. Thereafter on October 1, 1952 he applied to be reinstated and paid compensation. The Assistant Labour Commissioner held that Section 16 (2) of the C. P. and Berar Industrial Disputes Settlement Act did not apply to the worker and dismissed his application. He preferred a revision to the State Industrial Court which ruled in his favour. Against the order the Company appealed to the Labour Appellate Tribunal but lost. The Company then went to the Supreme Court.

In its judgement, delivered in this appeal, the court discussed the question whether a dispute by an individual workman would be an industrial dispute as defined by Section 2 (k) of the Industrial Disputes Act. The Court also examined the decided cases which had adopted three distinct lines of approach, namely a dispute which concerned only the rights of individual workers could not be held to be an industrial dispute, a dispute between an employer and a single employee could not be an industrial dispute as defined in Section 2 (k) and a dispute between an employer and a single employee could not per se be an industrial dispute but it might become one if it was taken up by the union or a number of workmen.

Dealing with these three different views, Mr. Justice Venkatarama Iyer, who delivered the judgement of the Court, said that the preponderance of judicial opinion was clearly in favour of the last of the three views and there was considerable reason behind it. Notwithstanding that the language of Section 2 (k) was wide enough to cover a dispute between an employer and a single employee the scheme of the Industrial Disputes Act did appear to contemplate that the machinery provided therein should be set in motion to settle only disputes which involved the rights of workmen as a class and that a dispute touching the individual rights of workmen was not intended to be the subject of an adjudication under the Act when the same had not been taken up by the union or a number of workmen.

If this view were correct, said his Lordship, Mr. Patwardhan would not be entitled to apply as the workmen had not adopted his case as their own. But since the C. P. and Berar Industrial Disputes allowed workmen to agitate their individual rights, his contention was upheld and the appeal dismissed. (The Hindu)

Education

The Government of India have reconstituted the Central Board of Secondary Education with a view to raising the standard of secondary education and carrying out reforms in the system of education.

The Board which will have its headquarters at Ajmer will have power to affiliate institutions, located in any part of the Union, which wish to prepare candidates for its examination. The Educational Adviser to the Government of India will be the controlling authority.

The Board will conduct a common all-India higher secondary school examination to which candidates belonging to any State in the Indian Union can be admitted.

The Board has power to prescribe courses of instruction, to conduct examinations and to grant certificates to successful candidates.

As the Cambridge examinations are looked upon with disfavour by those in authority the examinations conducted by the Board might eventually take their place.

Reward

The Government of India has announced a prize of Rs. 100,000 for the manufacture and successful demonstration of an improved hand spinning set or its units which would fulfil certain requirements laid down by it.

The Government has been considering for some time the question of evolving a suitable hand spinning set for cotton. The object is not so much to secure implements which would produce yarn and cloth on a level to stand competition with the mill product as to enable the rural population to produce for their own use cloth in their own village and in their own homes. The construction of the spinning set should be simple enough to enable spinners to handle it without difficulty.

The Government has had a number of available spinning units tested but feels that further improvements in such spinning sets are necessary to achieve better the objectives stated above. (Eastern Cooperator).

F. C. R.

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1. To spread the social teachings of the Catholic Church.
2. To provide theoretical and practical training for social workers.
3. To serve as a centre of information about social works.

PERSONNEL

The I.I.S.O. was started at Poona on January 6, 1951 and is at present staffed by the following members of the Society of Jesus:

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